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Message Text

SECRET

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41
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
---------- 103864
R 031200Z MAR 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 638
INFO AMEMBASSY ABU DHABI

S E C R E T CAIRO 2844

EXDIS

DEPT PASS TREASURY

ABU DHABI FOR SECRETARY SIMON

EO 11652: GDS
TAGS: PFOR ECON EG XF
SUBJECT: ALLEGED ADDITIONAL $300 MILLION ABU DHABI GRANT TO EGYPT

REF: PARA 7, CAIRO 2715

1. EVER SINCE FAHMY TOLD US ABOUT THE $300 MILLION GRANT ALLEGEDLY MADE TO GOE BY SHEIKH ZAYED AT AN EARLIER DATE, AND WHICH FAHMY CLAIMED HAD NOT YET BEEN DRAWN UPON, WE HAVE SOUGHT TO ASCERTAIN EXACTLY WHAT THESE FUNDS MIGHT BE. THERE IS AN ELEMENT OF MYSTERY ABOUT THEM. IN MENTIONING ALLEGED GRANT TO GUNTHER OF IMF, HE RECALLED HAVING RECENTLY BEEN SHOWN ABU DHABI NATIONAL ACCOUNTS. NO SUCH OUTSTANDING CREDIT FOR EGYPT HAD BEEN SHOWN AND BRITISH FINANCIAL ADVISER HAD SPOKEN OF FINANCIAL STRINGENCIES ABU DHABI GOVT IS FACING.

2. IN MEETING WITH MINFINANCE ABU ISMAIL TODAY, AMBASSADOR ASKED HIM ABOUT IT. ABU ISMAIL SEEMED PUZZLED AND SIAD HE KNEW OF NO ADDITIONAL ABU DHABI GRANT. HE THOUGHT FAHMY MIGHT HAVE HAD IN MIND A GRANT OF ABOUT $150 MILLION MADE BY ABU DHABI IN 1974
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FOR LOW COST HOUSING. THIS HAD NEVER BEEN PAID AND HE

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HAD RECENTLY DISCUSSED IT WITH ABU DHABI AUTHORITIES.
THEY HAD AGREED TO PAY THESE FUNDS IN INSTALLMENTS IN
1976. HE THOUGH THE AMOUNT WOULD BE $150 OR
$200 MILLION, BUT THAT SOME OF IT MIGHT ACTUALLY BE
PAID IN THE FORM OF LOW COST HOUSING MATERIALS
WHICH WOULD BE ORDERED BY ABU DHABI AND SENT DIRECTLY TO
MINRECONSTRUCTION OSMAN. IT WAS CLEAR, HOWEVER, THAT HIS
WAS A PURELY PERSONAL IDEA.

3. ABU ISMAIL ALSO INDICATED GOE IS STILL DUE
$25 MILLION FROM ABU DHABI FOR FINAL INSTALLMENT OF
LATTER'S CONTRIBUTION OT RABAT FUND. HE EXPECTS THIS
WILL BE PAID NEXT FEW DAYS.
EILTS

NOTE: NOT PASSED TREASURY BY OC/T.

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NNN

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